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Successor Coeur d'Alene Custodial Trust

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RECEIVED

FEB - 3 2014

OFFICE OF
ENVIRONMENTAL CLEANUP

Via E-mail

January 29, 2014

Ms. Beth Sheldrake
U.S. EPA
1200 Sixth Ave.
Suite 900
Seattle, WA 98115

Mr. Bill Adams
U.S. EPA
1200 Sixth Ave.
Suite 900
Seattle, WA 98115

Mr. Ted Yackulic
Office of Regional Counsel
1200 Sixth Ave.
Suite 900
Seattle, WA 98115

SUBJECT: 4th Quarter 2013 Report

Dear Beth, Bill, and Ted:

Attached is the 4th Quarter 2013 Report for the Successor Coeur d'Alene Custodial Trust. The report consists of:

- A bulleted narrative of remediation activities and asset management
- A summary spreadsheet showing the three account values
- A one-page year-end budget and expenditure summary
- The quarterly account statements from BlackRock and Wells Fargo

I will also provide Bill with a hard copy of this report.



I certify that the reports are true and accurate to the best of my knowledge, information, and belief.

Sincerely,

A handwritten signature in blue ink that reads "Dan Silver". The signature is fluid and cursive, with the first name "Dan" and last name "Silver" clearly distinguishable.

Dan Silver
Trustee

Cc: Dan Meyer

Enclosures

Coeur d'Alene Custodial and Work Trust

4th Quarter 2013

Remediation

Programmatic Cultural Resources Coordination (MFA # 0442.01.07)

- Continued development and internal review of the HPMP.
- Scoped 2014 cultural resources services.

Wallace District Mining Museum 2013 Mine and Millsite Research (MFA # 0442.01.08)

- Completed historical research on Rex Mine Complex and posted the site characterization report to the EPA-Trust website.
- Created bibliography, report templates, basemap and preliminary timeline for Nine Mile Creek Sites.

LBCR Design (MFA # 0442.02.02)

- Prepared and completed internal review of 60% Design Package. Reviewed comments by USACE.
- Design review meeting with EPA.
- Posted Predesign Investigation Results Report to the DEQ website.

Repository Operations (MFA # 0442.02.03)

- Completed ongoing operations of repositories (North Wind).
- Conducted site inspection of EMF and BCR (MFA).

2013 Big Creek Annex Investigation and Design (MFA # 0442.02.04)

- Completed surveying and photo documentation to support encroachment analysis.
- Responded to EPA/DEQ comments on QAPP for pre-design investigation work; finalized QAPP and HASP.
- Completed sampling and analysis associated with pre-design investigation.
- Prepared and completed internal review of encroachment analysis for 100-year flood.
- Utility clearance.
- Imported and evaluated data for predesign investigation.
- Prepared cultural resources evaluation (HRA) and completed internal review (MFA).

Remedy Protection Program Assistance (MFA # 0442.03.02)

- Prepared design review schedules for Revenue Gulch, Meyer Creek, and Mill Road.
- Researched asbestos handling rules and requirements. Developed asbestos handling specifications.
- Coordinated cultural resources work for 2014.
- Updated contractor website to incorporate improvements requested through lessons-learned discussions.

- Prepared and completed internal review of Revenue Gulch 30% design and Shields Gulch 100 % design.
- Prepared Unnamed Gulch, Shields Gulch, and Meyer Creek contract documents.
- Prepared Unnamed Gulch and Shields Gulch RA work plan and work orders.
- Reviewed construction submittals and payment requests for Dewey, Third Street, and Unnamed Gulch projects.
- Observed construction at Dewey, Third Street, and Unnamed Gulch projects and prepared weekly reports.
- Prepared for and completed Unnamed Gulch and Shield's Gulch preconstruction meetings and prepared meeting minutes.
- Prepared for and completed final inspection at Dewey and Third Street projects.
- Conducted site walk of Shields Gulch.
- Reviewed final documentation and began as-builts for Dewey Street and Third Street.
- Coordinated prefinal/final inspection at Dewey Street and Third Street and Unnamed Gulch.
- Coordinated with Wallace School District regarding the Shields Gulch project.
- Managed data and maintained files.
- Prepared Shields Gulch winterization punchlist.
- Visited Unnamed Gulch to view malfunctioning water well for adjacent property owner.
- Prepared validation report.
- Prepared construction summary memorandums, record drawings, and completion report internal documentation for Dewey Street/Third Street and Unnamed Gulch.

BPRP Assistance (MFA # 0442.05.01)

- Conducted construction oversight and prepared weekly reports.
- Collected QA samples.
- Reviewed submittals.
- Conducted prefinal and final site inspections on the Silverton and Osburn sites.
- Prepared final site inspection meeting minutes.
- Reviewed final pay requests.
- Completed laboratory analysis of import material data and completed data validation.
- Prepare remedial action construction report.
- Produced construction report including record drawings.

Water Monitoring (MFA # 0442.06.01)

- Prepared and conducted loading analysis. Reviewed loading estimate.
- Coordinated Tamarack Unnamed Adit weir construction.
- Completed laboratory analysis and managed and reviewed water sampling field and analytical data.
- Prepared for and attended EPA/DEQ BEMP meeting.
- Prepared final 2013 water monitoring report.

Ninemile Investigation and Design Assistance including MFA Program Management (MFA # 0650.01.07)

- Coordinated and organized access agreements and web mapping of agreements.
- Maintained database, photo library, document library, list of commitments and schedule.
- Budget management (all projects) including 2013 budget projections. Prepared quarterly report materials.
- Coordinated with the Wallace District Mining Museum on finalizing 2013 work and scoping 2014 work.
- Reviewed Kahnderosa scope of work and prepared schedule.
- Reviewed Kahnderosa 60% design and attended design review meeting.
- Finalized and produced Phase I ESA for the WCA.
- Developed 2014 Trust scope and budget.
- Completed Osburn USBM site visit.
- Prepared Unanticipated Discovery Plan and addendum report for IC Rock Dumps (HRA) and completed internal review (MFA).
- Developed of IC Rock Dumps schedule and design milestones, bid documents, and RA work plan templates (NW/Pioneer and MFA).
- Prepared IC Rock Dumps QAPP (MFA) and completed internal review (NW/Pioneer).
- Prepared 90% IC Rock Dumps design document package (NW/Pioneer) and completed internal review (MFA).
- Transmitted 90% IC Rock Dumps BDR to Mine Ventures.

WCA Construction (MFA # 0650.01.08)

- Completed WCA Construction (NWCS)
- Attended weekly construction coordination meetings.
- Observed construction and report observations through daily submittals.
- Coordinated with NWCS on submittals and project schedule.
- Prepared Weekly Construction Summaries for EPA review.
- Performed air monitoring and interpretation.
- Collected material samples; completed sample analysis; managed data; completed data package review and acceptance.
- Prepared ABA Criteria and Type C rock use memorandum.
- Provided requested photos to EPA.
- Prepared Work Change Directives No. 3, 4, 5, 6, 7 and 8.
- Prepared and produce Change Orders No. 2, 3, 4 and 5.
- Participated in winterization planning and discussions.
- Attended final walk through.
- Prepared T&M summaries.
- Reviewed NWCS invoices.
- Prepared QAPP revisions.
- Prepared DMA.
- Prepared for and attended meeting regarding: rock excavation costs and prepared meeting documentation; prepared response memorandum.

- Prepared prefinal inspection report, construction summary memorandum and interim construction report.

EFNM ESA and CWA Compliance Assistance (MFA # 0650.01.09)

- Coordinated with Trust, EPA, and TerraGraphics on ARAR compliance.
- Coordinated IC Rock Dumps and full development WCA field work for ARAR compliance.
- Prepared preliminary wetlands field reports (TG) and completed internal review).
- Prepared CWA Section 401/404 Compliance document for IC Rock Dumps and WCA full development projects (MFA) and completed internal reviews.
- Prepared draft biological assessment for IC Rock Dumps (TG) and completed internal review (MFA).
- Completed coordination regarding wetlands at IC Rock Dumps.

2013 Ninemile Preliminary Prioritization and Planning (MFA # 0650.01.10)

- Conducted EFNM basin-wide loading evaluation.
- Developed EFNM basin-wide remedial cost estimate and prioritization and associated memos.
- Developed 2014 work plan.

2013 Paved Roads Program

- Coordinated with the Roads Board to finalize 2013 Scopes of Work and Budgets.
- Worked with the Roads Board and the individual jurisdictions to finalize payment of invoices for the 2013 program completion costs.
- Initiated discussions with the Roads Board and the individual jurisdictions to begin development of the scopes of work and budgets for the 2014 Paved Roads Program.

Asset Management

Property

- No properties were sold during the quarter. Two firms expressed potential interest in purchasing the Trust's mineral claims, although the current price of silver creates unfavorable timing for them to act.

Financial

- The Trust underspent its annual budget by nearly \$4.7m. Two areas accounted for most of this underspending: the roads program, insofar as this was the ramp-up year for the local governments, and the construction of WCA, which was interrupted by winter weather. In addition, portions of LBCR and Big Creek Repository Expansion design work were postponed from 2013 to 2014. In two other areas (Repository Operations and ESA/CWA Compliance), work was completed under budget.

- The Trust enjoyed another positive quarter in investments. All portions of the portfolio were positive. The Trust met with BlackRock during the quarter and shared its dismay about Global Ascent's performance. BlackRock informed the Trust that it had changed the Global Ascent investment strategy by lessening the extent of investments in currencies. In the fourth quarter Global Ascent was up 6.4%.
- The Trust expended seven million dollars during the quarter. The account value at the end of December was \$523.1m, up a net \$18.5m for the quarter.

Other

- The Trust held year-end lessons learned meetings with MFA and later with EPA and IDEQ.
- The Trust hired a new staff person to help with financial management and administrative matters.

Coeur d'Alene Trust
Account Values
4th Quarter 2013

4th Quarter 2013

	<i>General Work Account</i>		<i>Special Work Account</i>		<i>Custodial Account</i>		<i>Total</i>
— Beginning Account Value	\$	447,616,124	\$	40,614,084	\$	16,381,115	\$ 504,611,323
BlackRock Investment Accounts							
Beginning Account Value	\$	441,155,670	\$	40,614,084	\$	16,062,028	\$ 497,831,782
Change in Value	\$	16,513,168	\$	2,091,852	\$	827,284	\$ 19,432,304
Subtotal: Ending Balance	\$	457,668,838	\$	42,705,936	\$	16,889,312	\$ 517,264,086
Wells Fargo Commercial Checking							
Beginning Account Value	\$	6,460,454			\$	319,087	\$ 6,779,541
Credits	\$	6,065,841			\$	-	\$ 6,065,841
Debits	\$	(6,977,719)			\$	(14,232)	\$ (6,991,951)
Subtotal: Ending Balance	\$	5,548,576	\$	-	\$	304,855	\$ 5,853,432
→ Quarter End Account Value	\$	463,217,414.01	\$	42,705,936.02	\$	17,194,167.16	\$ 523,117,517
Change in Value						\$	18,506,194

Coeur d'Alene Trust 2013 Expenditures- Monthly Summary
As of: December 31, 2013

Task	EPA- Approved Budget	Contracted MFA Budget	Contracted Trust Budget	Unassigned Budget	December 2013		Expended Jan to Dec 2013	Contracted Budget Remaining	EPA Authorized Budget Remaining	Notes
					MFA	Trust				
Trust Program Management	\$650,000	\$0	\$650,000	\$0	\$0	\$157,779	\$609,144	\$40,856	\$40,856	
Assistance with Programmatic Cultural Resources Agreement	\$200,000	\$50,000	\$147,195	\$2,805	\$2,938	\$1,279	\$139,960	\$57,235	\$60,040	
Repositories										
LBCR Design	\$762,000	\$200,000	\$610,387	-\$48,387	\$851	\$0	\$305,215	\$505,171	\$456,785	The original scope for 2013 (i.e. the 90% and 100% designs) was not completed in 2013 and was postponed to 2014. Work was delayed after the 30% design to evaluate repository alternatives, which EPA continues to consider.
Repository Operations - Big Creek and East Mission Flats	\$1,147,000	\$15,000	\$878,370	\$253,630	\$141	\$120,721	\$547,177	\$346,193	\$599,823	Actual costs were lower than the contracted budget because the contracted budget assumed that two crews would be required to handle BPRP waste streams coming into both East Mission Flats and the Big Creek repository. This was not the case; only one repository crew performed waste handling at one repository. In addition, the volume of waste managed was less than anticipated.
Big Creek Repository Annex Expansion Investigation and Preliminary Design	\$477,930	\$257,000	\$313,721	-\$92,791	\$24,176	\$1,872	\$223,486	\$347,234	\$254,444	The original scope for 2013 (i.e. the 30% design) was not completed in 2013 and was postponed to 2014. The redesign investigation work for this project was delayed to complete the floodplain encroachment analysis, as requested by DEQ. Significant work on the design could not be completed prior to receiving the investigation results.
Remedy Protection	\$2,200,000	\$305,000	\$1,909,507	-\$14,507	\$19,284	\$773,038	\$1,907,643	\$306,864	\$292,357	The original scope for 2013 (i.e. construction of Shields Gulch) was not completed in 2013 and was postponed to 2014.
Roads	\$3,000,000	\$5,000	\$1,916,615	\$1,078,386	\$0	\$55,351	\$1,683,564	\$238,050	\$1,316,436	Contracted costs for construction were lower than the EPA budget and the municipalities did not have adequate time to incorporate additional roads projects to make up the difference.
Basin Property Remediation Program	\$1,258,879	\$173,515	\$789,149	\$296,215	\$6,296	\$522,554	\$962,633	\$32	\$296,246	Contracted costs for construction were lower than the budgeted costs.
Water Monitoring (EFNM source sites, EFNM WCA, Star source sites, and LBCR)	\$730,000	\$590,000	\$19,191	\$120,809	\$52,896	\$0	\$456,581	\$152,610	\$273,419	Contracted costs were lower than the EPA budget, which was originally established as a placeholder because much of the work had not yet been scoped (including monitoring for the EFNM WCA). Costs were below the contracted budget due to further reductions in scope throughout the year and efficiencies that were realized.
Mine and Mill Site Remedial Action										
Ninemile Investigation and Design	\$861,000	\$650,000	\$1,071,519	-\$860,519	\$51,322	\$1,465	\$1,535,324	\$186,195	-\$674,324	Contracted costs for WCA, Infrastructure, and IC Rock Dump project designs were more than anticipated in the EPA budget. Actual costs were below contracted costs, but still above the original estimate used in the EPA budget.
EFNM Construction	\$6,069,000	\$632,000	\$4,925,285	\$511,715	\$33,634	\$748,807	\$4,477,796	\$1,079,489	\$1,591,204	Construction of the EFNM WCA could not be completed in 2013 due to a late start and the need to stop work due to winter weather conditions in November. Work will be completed in 2014.
EFNM WCA Property Purchase	\$1,255,289	\$0	\$1,255,289	\$0	\$0	\$0	\$1,233,050	\$22,239	\$22,239	
ESA and CWA Compliance Assistance	\$313,191	\$56,000	\$107,191	\$150,000	\$3,616	\$1,148	\$112,952	\$50,239	\$200,239	The EPA budget included a placeholder of \$150,000 for wetland mitigation. However, no wetland mitigation was required for the project. In addition, contractors completed the required work under the contracted budget amounts.
Ninemile Preliminary Prioritization and Planning	\$50,000	\$50,000	\$0	\$0	\$7,119	\$0	\$49,973	\$28	\$28	
Star Complex Reporting	\$50,000	\$55,000	\$0	-\$5,000	\$0	\$0	\$53,335	\$1,665	-\$3,335	
Wallace Mining Museum Historical Research	\$30,000	\$30,000	\$0	\$0	\$201	\$0	\$28,148	\$1,852	\$1,852	
Subtotal	\$19,054,289	\$3,068,515	\$14,593,416	\$1,392,358	\$202,674	\$2,384,015	\$14,325,979	\$3,335,952	\$4,728,310	
Contingency	\$250,000	\$0	\$0	\$250,000	\$0	\$0	\$0	\$0	\$250,000	
Total	\$19,304,289	\$3,068,515	\$14,593,416	\$1,642,358	\$202,674	\$2,384,015	\$14,325,979	\$3,335,952	\$4,978,310	